What Is the Evidence on Health Reform in Massachusetts and How Might the Lessons from Massachusetts Apply to National Health Reform?

Timely Analysis of Immediate Health Policy Issues
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The 2010 national health reform legislation—the Patient Protection and Affordable Care Act (PPACA)—is modeled on Massachusetts' 2006 landmark reform effort. As in Massachusetts, national reform includes expansions of public programs, the creation of health insurance exchanges, subsidies for low- and moderate-income individuals, an individual mandate, and requirements for employers, among other provisions. Given the strong parallels between Massachusetts' health reform initiative and national health reform, the experiences in the Bay State provide insights into the potential effects of PPACA.

Providing evidence of the possible gains under national health reform, Massachusetts' 2006 health reform initiative has improved health care access, use, affordability and quality.

Massachusetts' health reform initiative, entitled An Act Providing Access to Affordable, Quality, Accountable Health Care (Chapter 58 of the Acts of 2006), aimed to make comprehensive insurance coverage available and affordable for residents as a first step toward improving access, use, affordability, and quality of health care in the state. The evidence suggests that Massachusetts has made significant progress toward each of these goals in the years since the reforms were implemented:

- In 2008, 96 percent or more of the state's residents were estimated to have health insurance—well above the 85 percent in the nation as a whole.[1, 2] Insurance coverage in Massachusetts remained at a historical high in 2009, despite the economic recession.[3]
- The gains in coverage in the state reflect gains in employer-sponsored insurance as well as the expansion of public coverage. There is no evidence that public coverage "crowded out" employer-sponsored coverage in the state.[3, 4] As was true prior to health reform, the majority of Massachusetts residents—both adults and children—continue to obtain insurance through their employers under health reform.
- Gains in insurance coverage were reported across every population group examined, including young adults, who are more likely than older adults to forgo insurance coverage.[5]
- Compliance with the individual mandate is high, with the Massachusetts Department of Revenue reporting that of the roughly 3.5 million adult filers in tax year 2008, only about 45,000 (about 1 percent) were assessed a penalty for failing to obtain insurance when affordable coverage was available to them.[6]
- Access to and use of health care in the state improved under health reform, with more adults reporting visits to doctors and other health care providers and fewer adults reporting going without needed health care in fall 2009 than prior to health reform. There is evidence of particularly strong gains in the use of preventive care and prescription drugs, benefits specified under the state's new minimum creditable coverage (MCC) requirements, which outline the key benefits and cost-sharing provisions that must be included in a health insurance plan if it is to satisfy the state's individual mandate for health insurance coverage. In addition, adults in Massachusetts were more likely to rate the quality of the health care they received as very good or excellent under health reform.[3]
- The burden of health care costs was reduced under health reform, particularly for lower-income residents. Out-of-pocket spending on health care was reduced and fewer adults reported going without needed care because of

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costs under health reform, despite the recession.[3] The gains were particularly strong for lower-income adults, who are more likely to lack the financial resources to pay for care, and adults with chronic health conditions, who are more likely to use health care.[7]

- Many racial and ethnic disparities in health insurance coverage, access to and use of health care, and health care affordability have been reduced or eliminated in the state under health reform.[7]

In addition, support for health reform was quite strong among Massachusetts residents when the legislation passed in 2006 and continues at high levels: More than two-thirds of adults in the Bay State support health reform.[3, 8] Furthermore, support for reform is widespread across the state, including men and women, younger and older adults, and higher- and lower-income adults.[7]

Support for health reform is also high among providers in Massachusetts. The majority (70 percent) of practicing physicians in Massachusetts support health reform and most (75 percent) want reform to continue.[9]

Challenges to Sustaining Health Reform

Massachusetts, however, is facing challenges as it moves forward with health reform. In particular, two trends that began prior to health reform continue to put pressure on the health care system in the state: gaps in provider supply, particularly for primary care, and escalating health care costs.

Provider Capacity

The constraints on provider supply in Massachusetts that existed prior to health reform appear to have been exacerbated by an influx of newly insured residents under health reform. As more people obtained health care in the first years under health reform, more people reported difficulties obtaining needed health care despite higher levels of health care use.[10] However, by fall 2009, those early increases in unmet need were reversed, with unmet need in fall 2009 below that of fall 2006, just prior to health reform.[3] This reversal likely reflects the state's efforts to address provider capacity issues and an increase in the share of residents with insurance coverage for the entire year under health reform.

As part of the state's effort to address capacity issues, Massachusetts introduced a number of new initiatives, including primary care physician recruitment programs, expanded medical school enrollment for students committed to primary care, and a public-private program to repay loans for providers at community health centers, among others. Nonetheless, provider capacity continues to be an issue in the state, as about one in five adults reported problems finding a doctor who would see them in fall 2009—either because the provider was not taking new patients or the provider was not taking patients with their type of insurance coverage.[3] In addition, nearly 15 percent of adults visited the emergency department (ED) for a non-emergency condition. Both circumstances suggest barriers to accessing care in the community.[3] Among adults using the ED for non-emergency care, three-quarters reported needing care after hours, over half reported not being able to get an appointment as soon as one was needed, and over half reported that the ED was the most convenient choice.[11]

Health Care Costs

While not driven by health reform, the continued escalation of health care costs in the state is clearly creating a burden for public programs, employers and consumers, much as in the case in the rest of the country. Addressing those costs is a formidable task, likely more challenging than expanding insurance coverage.

So as not to hold its residents hostage to the politics of addressing health care costs, Massachusetts made the decision in 2006 to expand insurance coverage and access to health care first and then turn to reining in rapidly rising costs. Often referred to as "Round 2" of health reform, Massachusetts passed legislation in 2008 to begin addressing cost containment and efficiency in health care delivery.[12] The strategies being debated in Massachusetts parallel those being debated nationally: shifting away from fee-for-service to an episode-based payment system, creating incentives for more efficient and high-quality care, addressing inequities in market power that are driving up health care costs (perhaps through a single-payer rate-setting system), and expanding the adoption of health information technology, among other things.[13]

Much as Massachusetts led the country with its push toward universal insurance coverage, so, too, is it leading the debate on cost containment. However, Massachusetts, like the rest of the country, would benefit from strong federal leadership on health care payment reform. There is only so much a single state can do to address the systematic problems with the

nation's health care payment system, given the important role of the federal Medicare program and the potential for providers to relocate to avoid state cost-containment initiatives. The latter is particularly important in Massachusetts, where almost one of every five households in the state has earnings from a health care-related job.[14]

The surprise in Massachusetts is not that the state continues to struggle with high health care costs, but that despite these rapidly escalating costs and the economic recession, the state has managed to sustain the gains achieved under health reform. Continuing to sustain those gains will involve hard choices, as cost containment, by necessity, must translate into less income for some providers and health plans and, potentially, less choice for consumers.

Notes

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[3] Long, S.K., and K. Stockley. 2010. "Sustaining Health Reform in a Recession: An Update on Massachusetts as of Fall 2009." *Health Affairs* 29(6): 1234-1241.

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[7] Long, S.K., and K. Stockley. 2010. "Health Insurance Reform in Massachusetts: An Update as of Fall 2009." Boston, MA: Blue Cross Blue Shield of Massachusetts Foundation. bluecrossfoundation.org.

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[10] Long, S.K., and P. Masi. 2009. "Access and Affordability: An Update on Health Reform in Massachusetts, Fall 2008." *Health Affairs* 28(4): w578-w587.

[11] Long, S.K., and K. Stockley. 2009. "Emergency Department Visits in Massachusetts: Who Uses Emergency Care and Why?" Washington, DC: Urban Institute, September.

[12] Office of Health and Human Services. 2008. "Chapter 305 of the Acts of 2008: An Act to Promote Cost Containment Transparency and Efficiency in the Delivery of Quality Health Care." Boston, MA: Office of Health and Human Services. http://www.mass.gov/Eeohhs2/docs/dhcfp/pc/statute_payment_system.pdf

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[14] Urban Institute analysis of American Community Survey (ACS) 2008; Data from the Integrated Public Use Microdata Series (IPUMS).

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